

REMARKS

Claims 1, 5-9, 13-15, 17, 20, 21, 26, 30 and 33-35 are pending in the application. By this Amendment, Claims 1, 5, 7-9, 13, 17, 20, 26, 30 and 33-35 are amended, and Claims 2-4, 10-12, 16, 18, 19, 22-25, 27-29, 31 and 32 are canceled without prejudice or disclaimer of the subject matter contained therein. Favorable reconsideration is respectfully requested in light of the following Remarks.

I. Miscellaneous

The Office action objects to Claim 34 asserting that the phrase “a fourth portion, and after executing” is confusing. By this Amendment, Claim 34 is amended to more clearly define that the fourth portion applies additional user-specified constraints to the resulting solution subset to produce a final selection after the resulting solution subset has been produced by the third portion. Withdrawal of the objection is respectfully requested.

II. The Claims Satisfy the Requirement of 35 U.S.C. 112, Second Paragraph

1. The Office action rejects Claims 1, 9, 10, 12, 16, 26, 31, 32, 34 and 35 under 35 U.S.C. 112, second paragraph asserting that the phrase “local tradeoffs” is unclear. The rejection is respectfully traversed.

By this Amendment, Claims 1, 9, 26, 34 and 35 are amended to replace the phrase “local tradeoffs” with “Pareto filters.” Applicant respectfully submits that the meaning of the phrase “Pareto filters” is well-known to those of ordinary skill in the art. Claims 10, 12, 16, 31 and 32 are canceled, thereby rendering the rejection moot. Withdrawal of the rejection is respectfully requested.

2. The Office action rejects Claims 9, 10, 12 and 30 under 35 U.S.C. 112, second paragraph asserting that the phrases “most important tradeoff” and “second most important tradeoff” are unclear. The rejection is respectfully traversed.

By this Amendment, Claims 9 and 30 are amended to delete the phrases “most

important tradeoff” and “second most important tradeoff.” Claims 10 and 12 are canceled, thereby rendering the rejection moot. Withdrawal of the rejection is respectfully requested.

3. The Office action rejects Claims 11, 18 and 19 under 35 U.S.C. 112, second paragraph. The rejections are respectfully traversed.

By this Amendment, Claims 11, 18 and 19 are canceled, thereby rendering the rejections moot. Withdrawal of the rejections is respectfully requested.

III. The Claims Define Patentable Subject Matter

1. The Office action rejects Claims 1, 2 and 4-35 under 35 U.S.C. 102(e) over Edesess (U.S. Patent No. 5,884,287, hereinafter “Edesess”), and Claim 3 under 35 U.S.C. 103(a) over Edesess in view of Shu-Heng Chen (“Genetic Algorithms and Genetic Programming in Computational Finance”, hereinafter “Chen”). The rejections are respectfully traversed.

A claim is anticipated only if each and every element as set forth in the claim is found, either expressly or inherently described in a single prior art reference. *See MPEP §2131.*

According to *MPEP §2143*, to establish a *prima facie* case of obviousness, three criteria must be met. First, there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine reference teachings. *In re Linter*, 458 F.2d 1013, 173 USPQ 560, 562 (CCPA 1972). Second, there must be a reasonable expectation of success. *In re Merck & Co., Inc.*, 800 F.2d 1091, 231 USPQ 375 (Fed. Cir. 1986). Finally, the applied reference must teach or suggest all the claim limitations. *In re Royka*, 490 F.2d 981, 180 USPQ 580 (CCPA 1974).

It is respectfully submitted that there is no mention in Edesess or Chen of at least the feature of generating a non-dominated solution set comprising an efficient frontier in an original portfolio performance space having at least three-dimensions using one of an evolutionary algorithm and optimization processing, as recited in independent Claims 1, 26, 34 and 35.

For at least this reason, Claims 1, 26, 34 and 35 are allowable over the applied

art, taken singly or in combination. Claims 5-9, 12-15, 17, 20 and 21, which depend from Claim 1, and Claims 30 and 33, which depend from Claim 26, are likewise allowable over the applied art, taken singly or in combination. Withdrawal of the rejection is respectfully requested.

Further, it would not have been obvious to modify Edesess to meet the claimed invention. Edesess is directed to a system and method based on Markowitz's two-dimensional portfolio performance space of expected return vs. standard deviation. *See col. 1, lines 27-47.*

By contrast, the claimed invention is directed to generating a non-dominated solution set comprising an efficient frontier in an original portfolio performance space having at least three-dimensions using one of an evolutionary algorithm and optimization processing. To modify the system and method of Edesess to meet the claimed invention would be the use of impermissible hindsight reconstruction using Applicant's disclosure.

IV. Conclusion

In view of the foregoing, it is respectfully submitted that the application is in condition for allowance. Favorable consideration and prompt allowance of the application is earnestly solicited.

Should Examiner Vezeris believe anything further would be desirable in order to place the application in better condition for allowance, the Examiner is invited to contact the undersigned attorney at the telephone number listed below.

It is believed that any additional fees due with respect to this paper have already been identified. However, if any additional fees are required in connection with the filing of this paper, permission is given to charge account number 07-0868 in the name of General Electric Company.

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Respectfully submitted,

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